

#### § 48.4216(d)-1

#### 26 CFR Ch. I (4-1-04 Edition)

each payment with respect to an article that portion of the total tax which was proportionate to the portion of the total amount to be paid represented by such payment.

[T.D. 7536, 43 FR 13519, Mar. 31, 1978]

#### § 48.4216(d)-1 Sales of installment accounts.

(a) *In general.* Except as provided in paragraph (d) of this section, in case of a sale or other disposition by a manufacturer, producer, or importer of an installment account of the type specified in section 4216(c), the tax shall not apply to subsequent installment payments on such account. Instead, there shall be paid an amount equal to the difference between the tax previously paid on such installment account and the total tax computed by applying:

(1) To each installment due before the sale of the installment account, the rate of tax applicable at the time payment thereof was due, and

(2) To each installment, the time for payment of which has not arrived, the rate of tax which, under the provisions of Chapter 32 as in effect on the date of the sale of the installment account, is (or is to be) in effect on the date such installment is due.

However, see paragraph (b) of this section if the sale is made in a bankruptcy or insolvency proceeding. The tax due under this paragraph shall be included in the return for the period in which the account is sold.

(b) *Sale in bankruptcy or insolvency proceeding.* In the case of a sale of an installment account of a manufacturer, producer, or importer pursuant to the order of, or subject to the approval of, a court of competent jurisdiction in a bankruptcy or insolvency proceeding, the amount of tax due shall be computed and paid as provided in paragraph (a) of this section but shall not exceed the amount of tax computed by multiplying (1) the proportionate share of the amount for which such accounts are sold which is allocable to each unpaid installment payment, by (2) the rate of tax which, under the provisions of chapter 32 as in effect on the date of the sale of the installment account, is (or is to be) in effect on the date such payment is due.

(c) *Collection of installment accounts on behalf of the manufacturer.* Where a manufacturer, producer, or importer retains title to an installment account but turns it over to another person for collection on a fee basis, no sale of such account (or other disposition as contemplated in section 4216(d)) has been made. The tax shall continue to be paid as provided by section 4216(c).

(d) *Returned installment accounts.* Where an installment account which has been sold or otherwise disposed of is returned to the manufacturer, producer, or importer who sold it under an agreement under which the account was sold, and credit or refund has been allowed under section 6416(b)(5) and the regulations thereunder, the manufacturer, producer, or importer shall pay tax as provided by section 4216(c) and § 48.4216(c)-1 on any subsequent payments made on such returned installment account until such time as there shall have been paid the total tax liability with respect to the account as computed under paragraph (a) of this section.

(e) *Limitation.* The sum of the amounts payable under this section and § 48.4216(c)-1 on an installment account shall not exceed the total amount of tax which would be payable if such installment account had not been sold or otherwise disposed of (computed as provided in subsection (c)).

(f) *Applicability of paragraphs (a) and (b) of this section.* The rules set forth in paragraphs (a) and (b) of this section apply in the case of installment accounts sold after June 21, 1965. In the case of installment accounts sold before June 22, 1965, paragraph (b) of this section shall be applied by substituting, in lieu of subparagraph (2) thereof, "the rate of tax, as set forth in chapter 32 of the Code, which applied on the day on which the transaction giving rise to such installment accounts took place."

[T.D. 7536, 43 FR 13520, Mar. 31, 1978]

#### § 48.4216(e)-1 Exclusion of local advertising charges from sale price.

(a) *In general.* Section 4216(e) deals with the treatment to be accorded charges made by a manufacturer for, and reimbursements by a manufacturer